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DEVELOPMENT SHARING PROGRAM

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SECTION I  
DESCRIPTION AND ORGANIZATION

## CHAPTER 1

## GENERAL

**PURPOSE**

This pamphlet is intended to be a convenient and comprehensive source of information about the United States-Canada Defense Development Sharing Program (DDSP). It is written for personnel who participate in one or more aspects of the DDSP and attempts to anticipate and answer questions about the DDSP. However, if there are questions that have not been answered, they should be submitted to the Commander, U.S. Army Materiel Command (AMC), ATTN: AMCICP, 5001 Eisenhower Avenue, Alexandria, VA 22333-0001.

**SCOPE**

Section I of the pamphlet describes DDSP organizations and responsibilities; Section II prescribes implementation procedures and required documentation. A series of appendices contains sample document formats and other reference data that may be helpful to those concerned with various aspects of the DDSP.

**BACKGROUND**

United States-Canada defense industrial cooperation dates back to 1941 and the Hyde Park Declaration, which dealt with the general mobilization of each country's resources for the mutual production of war materials. Since that time, both governments have accepted various forms and principles of cooperation in support of the common defense of North America. Canada's current policy is to use equipment developed principally by the United States and other Allied countries but to share in some of the development where possible. Through the DDSP, the United States seeks to ensure Canada an opportunity to share in some of the research and development (R&D) and production of U.S. materiel programs of mutual interest.

**DESCRIPTION**

The DDSP is a bilateral cooperative program in defense R&D between the United States Department of Defense (DOD) and the Canadian Department of External Affairs (DEA). The program is implemented under a "Memorandum of Understanding (MOU) in the Field of Cooperative Development Between the U.S. Department of Defense and the Canadian Department of Defence Production" signed in November 1963 (at [appendix A](#)). The MOU is incorporated in the Department of Defense Federal Acquisition Regulation Supplement (DFARS) as appendix T, Part 201.2, and supersedes earlier agreements with individual U.S. military services.

The intent of the DDSP is to promote joint U.S. - Canadian military materiel programs to support better use of the industrial, scientific, and technical resources of both countries in the interest of mutual defense. The DDSP consists of U.S. Army R&D projects that are conducted to meet specific DOD and Department of the Army (DA) requirements but performed by Canadian

contractors. The DDSP affords Canada an opportunity to share in the development and production of U.S. weapons and equipment. In return for this opportunity, the Canadian Government assumes a portion of the total development costs. This arrangement can provide development cost savings to the U.S. Government of up to 75 percent of total project cost, with savings of 50 percent the norm. The projects that come under the DDSP are based solely on U.S. military requirements and are administered in accordance with U.S. Government statutes and the Federal Acquisition Regulation (FAR) and DFARS. An additional benefit that accrues to Canada is the opportunity to compete on an equal basis with American industry on the follow-on production contracts evolving from the development efforts.

The program works in the following manner: The United States or Canada identifies a development project that it considers mutually beneficial. U.S. and Canadian representatives then hold joint discussions to verify mutual interest and reach agreement on the general implementing procedures. Subsequently, the U.S. developing agency lets American firms know about the proposed agreement to permit them to compete if they wish. If the Canadian proposal is selected, the United States and Canada may then negotiate and conclude a contract. The remaining sections of this pamphlet explain in detail how this process takes place.

#### **REFERENCES**

References that have either direct or indirect application to the U.S. Army portion of the DDSP are--

a. AR 70-41, International Cooperative Research and Development, Chapter 6: United States - Canada Defense Development Sharing Program: This is the basic document implementing the DDSP within the U.S. Army. It supersedes the former AR 70-66.

b. DFARS, Appendix T, Part 201.2, Cooperative Agreement: This is the 1963 MOU that established the Development Sharing Program within DOD.

c. DFARS Appendix T, part 201.1, Letter of Agreement: This describes the Canadian administrative procedures and policies pertaining to R&D contracts between the DOD Military Departments and the Canadian Commercial Corporation (CCC).

d. DFARS part 25.7007, Restriction on R&D Contracting with Foreign Sources: This includes Section 744 of the Defense Appropriations Act for FY 1973 [Public Law (PL) 92-570], commonly known as the Bayh Amendment.

e. DFARS part 15.613, "Four-Step" Source-selection Procedures: This describes the source-selection procedure that is recommended for United States Canada DDSP projects when qualified U.S. firms have indicated a desire to compete under the provisions of the Bayh Amendment.

f. FAR part 5.2, Synopsis of Proposed Contract Actions: This describes the requirements and procedures pertaining to the publishing of proposed procurements in the Commerce Business Daily. These notices are required if

there is a possibility that a qualified American firm may wish to compete for a proposed offshore procurement. Publication of these notices is necessary to comply with the provisions of the Bayh Amendment.

g. Commerce Business Daily: This is a daily list of U.S. Government procurement invitations, contract awards, subcontracting leads, sales of surplus property, and foreign business opportunities. It is published by the U.S. Department of Commerce and constitutes the official medium by which the U.S. Government notifies the public about the actions indicated above.

h. Department of Defense Directive (DODD) 5530.3, International Agreements: This provides the criteria for determining whether a particular project agreement between the United States and Canada constitutes an "International Agreement" under the provisions of the Case Act (PL 92-403).

## CHAPTER 2

## PARTICIPATING ORGANIZATIONS -- UNITED STATES

**AMC OFFICE FOR INTERNATIONAL COOPERATIVE PROGRAMS (AMCICP)**

The mission of this office is the management of the DDSP and other international cooperative R&D programs. It is responsible for identifying and achieving DDSP objectives, directing and coordinating DDSP actions between the U.S. Army and Canada, assisting where needed in negotiations of DDSP project agreements, developing U.S. Army positions with respect to DDSP, supervising the activities of the major subordinate command (MSC) development sharing working groups, and monitoring the overall activity of the DDSP.

**MSC DEVELOPMENT SHARING WORKING GROUP**

A development sharing working group, consisting of both U.S. Army and Canadian representatives, will be established at each U.S. Army MSC to administer and further the objectives of the DDSP. The MSC development sharing working group is responsible for the identification, proposal, implementation, and day-to-day management of individual DDSP projects at that MSC. Specifically, the development sharing working groups are responsible for--

- a. Conducting annual DDSP working group review and project oversight meetings (these may be held at more frequent intervals if warranted by the level of DDSP activity at the MSC).
- b. Reviewing planned and programmed MSC development requirements to determine potential DDSP projects.
- c. Monitoring and supervising the progress of DDSP projects and the activities of the MSC development sharing subgroups (see below).
- d. Identification and proposal of DDSP projects.
- e. Preparation, coordination, and approval of DDSP project proposals and draft project agreements.
- f. Review, coordination, and approval of DDSP project proposals and draft project agreements prepared by development sharing subgroups.
- g. Obtaining approval for formal DDSP project proposals and agreements.
- h. Executing project agreements.
- i. Preparing and forwarding minutes of DDSP working group meetings, project proposals, and project agreements to Commander, AMC, ATTN: AMCICP and U.S. Army Research, Development and Standardization Group-Canada (USARDSG-CA).



NOTE: The membership of the development sharing working group will vary from MSC to MSC, but at a minimum it should include--

a. A U.S. co-chairman who acts as the MSC point of contact (POC) for the DDSP and is a member of the MSC International Programs Office. It is desirable that the U.S. co-chairman be a Lieutenant Colonel or Colonel or an equivalent civilian with experience in R&D planning.

b. A Canadian co-chairman.

c. One legal and one procurement official from the MSC to assist in preparation of project agreements.

d. A U.S. Army Training and Doctrine Command (TRADOC) Liaison Officer.

Other appropriate personnel (a comptroller, contracting officer, foreign disclosure representative, U.S. technical experts, project officers) may attend meetings or assume temporary membership at the discretion of the U.S. co-chairman.

#### **MSC DEVELOPMENT SHARING SUBGROUPS**

Development sharing subgroups may be established at the user level of the MSCs (e.g., laboratory, directorate, or activity) to represent and incorporate the technical and scientific expertise necessary to identify, promote, and manage DDSP projects and to accomplish individual project objectives. Their responsibilities include--

a. Holding informal discussions with appropriate Canadian personnel to exchange information concerning future Army R&D needs and Canadian capabilities.

b. Identifying potential DDSP projects.

c. Proposing new DDSP projects to the MSC development sharing working group.

d. Preparing and coordinating DDSP project proposals and draft project agreements.

e. Implementing, managing, and monitoring specific DDSP projects.

f. Preparing and forwarding minutes of subgroup proceedings and copies of all DDSP project proposals and draft project agreements to the U.S. co-chairman of the MSC parent development sharing working group.

As in the case of the development sharing working groups, the composition of the subgroups will vary across MSCs, but at a minimum they should include--

a. A chairman, who is usually the R&D representative, technical director, or project officer of the responsible U.S. activity involved.

- b. Other U.S. and Canadian technical personnel as necessary.

Composition of the subgroups will be determined and approved by the U.S. working group co-chairman.

The decision to establish development sharing subgroups lies with the U.S. co-chairman of the parent MSC working group. The establishment of a subgroup may be most useful in those cases where the working level activities of an MSC are widely dispersed or physically distant from the MSC headquarters. In those cases where the working level activities and the MSC headquarters are in close proximity, the development sharing working group alone may be sufficient to manage all aspects of a DDSP project.

#### **OTHER ARMY ORGANIZATIONS**

U.S. Army - Canadian DEA Steering Group. This steering group provides DDSP guidance to development agencies, as required. This steering group maintains oversight of the U.S. Army/Canadian implementation of the DDSP and assists development agencies in resolving problems that may arise from time to time. The group also serves as a forum for U.S./Canadian discussions concerning the various aspects of the DDSP and offers an informal means of coordinating U.S./Canadian efforts at the DA/DEA levels. The head of the U.S. Army delegation and delegation members are appointed by the Commander, AMC. The steering group meets at least once a year.

U.S. Army Research, Development, and Standardization Group-Canada (USARDSG-CA). This group provides U.S. Army representation in Canada for coordinating the DDSP. This group--

- a. Represents the U.S. Army user and developer communities to the DEA for the DDSP.
- b. Maintains current awareness of U.S. Army and Canadian Forces materiel development needs and requirements, exploratory and system development programs, and Canadian industry capability.
- c. Effects liaison with the Canadian Forces National Defence Headquarters, development agencies, laboratories, and test activities; and with the DEA.
- d. Attends bilateral meetings held in Canada in connection with the DDSP.
- e. Coordinates and obtains visit clearances for all visits to Canada by U.S. Army officials in connection with the DDSP.
- f. Acts as liaison between AMC & MSC development sharing working groups and the Canadian Government on all matters pertaining to the DDSP.
- g. May attend or be represented at all working group meetings and act as the official AMC representative.

U.S. Army Technical Industrial Liaison Offices (TILOs). TILOs provide technical consultation and guidance to private industry on current and long-range R&D requirements. This technical-information service is complemented by classified and unclassified R&D planning documentation. Disclosure of classified military requirements to other countries is governed by National Disclosure Policy (NDP) and pertinent DOD and DA regulations.

#### **OTHER PARTICIPATION ORGANIZATIONS**

United States-Canada Steering Committee. This is a senior level committee responsible for DDSP policy and guidance at the national level of the two countries. The steering committee meets at least once a year. The head of the U.S. delegation will be selected by the Under Secretary of Defense for Acquisition; U.S. Army delegation members will be appointed by agreement between the Assistant Secretary of the Army for Research, Development, and Acquisition and the Commander, AMC.

## CHAPTER 3

### PARTICIPATING ORGANIZATIONS--CANADA

#### **GENERAL**

The responsibilities related to the identification, nomination, and implementation of DDSP projects are shared by several Canadian Government agencies. The DEA Defence Programs Bureau exercises primary DDSP responsibility and coordinates requirements with the Department of Industry, Science, and Technology (DIST) and the Canadian Commercial Corporation (CCC).

#### **DEA DEFENCE PROGRAMS BUREAU**

The United States Division of this branch--

a. Administers ministers bilateral defense development and production agreements and arrangements with the United States.

b. Meets regularly with DOD and other I.T.S. Government officials as appropriate to identify U.S. programs that might benefit from shared development and to solve any relevant problems.

c. Confers with individual U.S. Armed Forces development agencies to identify potential projects for possible cost sharing.

d. Is the cognizant POC with regard to an individual project before it has been formally nominated as a candidate development sharing project.

e. Arranges working group meetings in cooperation with U.S. development agencies and co-chairs such meetings on behalf of the Canadian Government.

#### **DEPARTMENT OF INDUSTRY, SCIENCE, AND TECHNOLOGY (DIST)**

Industry Sector Branches (ISBs) within DIST have specialized knowledge of specific Canadian industries and products. ISBs provide the technical expertise required during review and evaluation of candidate projects for development sharing and--

a. Define requirements for potential projects.

b. Recommend suitable Canadian companies for participation in potential projects.

c. Serve as a liaison channel between the U.S. development agency and the Canadian company selected for contract award.

d. Nominate Canadian projects for development sharing in association with the DEA Defence Programs Bureau.

e. Assign ISB project officers as counterparts to U.S. Project Officers (POs) on accepted development projects.

f. Provide co-chairman of project review groups on accepted development sharing projects.

g. Participate in drafting project agreements for candidate development sharing projects.

**DIST DEFENCE INDUSTRY PRODUCTIVITY PROGRAM (DIPP)**

This is the funding program for the Canadian share of U.S.-Canadian development sharing projects. Actual contracting is done by the Department of Supply and Services on DIST's behalf. The two elements of the DIPP are--

a. The DIPP Committee, which is composed of members from several DIST Branches and other Canadian Government departments. Committee approval of a project submission prepared by an ISB/PO is required before a project can be implemented.

b. The DIPP Program Office, which reviews and approves project agreements and obtains funding for the projects.

**CANADIAN COMMERCIAL CORPORATION (CCC)**

This is the Crown corporation (owned and controlled by the Canadian Government) that serves as the contracting office for the Canadian Government for U.S.-Canadian cooperative development programs. CCC is a specialized office for government-to-government contracts. CCC serves as an interface between U.S. Government agencies and Canadian companies and provides financial security to contract arrangements. The CCC role is further defined in DFARS appendix T, part 201.1.

## CHAPTER 4

## DDSP PERSONNEL- UNITED STATES

**DDSP COORDINATOR**

The AMC DDSP coordinator is the focal point for DDSP actions at Headquarters (HQ), AMC. He/she coordinates and staffs DDSP actions between AMC and higher echelons such as DA and the Office of the Secretary of Defense (OSD). Within the authority delegated by AR 70-41, he/she also coordinates DDSP actions generated by the other U.S. Army development agencies on behalf of DA.

The DDSP coordinator interfaces with the U.S. co-chairmen of the development sharing working groups established at the MSCs, MSC program management offices, and the USARDSG - CA.

In addition to these interfaces with U.S. activities, the DDSP coordinator deals with Canadian Government officials located at the Canadian Embassy in Washington and the Departments of External Affairs and Industry, Science, and Technology headquartered in Ottawa.

The DDSP coordinator is in the AMC Office for International Cooperative Programs, located at HQ AMC, 5001 Eisenhower Avenue, Alexandria, VA 22333-0001; routing symbol AMCICP; telephone: commercial (202) 274-9724, Autovon 2849724.

**MSC DEVELOPMENT SHARING WORKING GROUP CO-CHAIRMAN (U.S.)**

The U.S. co-chairman of the MSC development sharing working group is the central POC for all DDSP actions at his/her MSC. The co-chairman is also a member of the MSC International Programs Office and functions as the permanent secretariat of the working group. As part of his/her responsibilities to coordinate and implement the DDSP at the MSC level, the working group co-chairman will--

- a. Schedule and chair working group meetings at least annually.
- b. Prepare and distribute an agenda for working group meetings.
- c. Propose (with the assistance of the AMC DDSP Coordinator) new DDSP projects to Canada.
- d. Submit recommendations and revisions to existing DDSP policies and procedures to the AMC DDSP Coordinator to further DDSP objectives.
- e. Establish development sharing subgroups at the laboratory or activity level, as needed, for DDSP projects.
- f. Prepare, staff, coordinate, execute, and obtain approval for DDSP project agreements.

g. Assign a U.S. Army PO to each DDSP project upon its approval.

h. Prepare and forward minutes of all proceedings and copies of all signed project agreements to the AMC DDSP Coordinator and USARDSG-CA.

#### **DEVELOPMENT SHARING SUBGROUP CHAIRMAN**

If appointed, the development sharing subgroup chairman acts as the POC at the user level for the management of specific DDSP projects. His/her duties include--

a. Scheduling subgroup meetings as necessary to review, manage, and monitor DDSP projects.

b. Proposing new DDSP projects to the U.S. co-chairman of his/her parent MSC development sharing working group.

c. Briefing the parent working group on potential DDSP projects and on the status of existing projects.

d. Preparing, coordinating, and obtaining MSC development sharing working group approval for DDSP project proposals and draft project agreements.

e. Managing and executing project agreements.

f. Forwarding status reports to the MSC development sharing working group as requested.

At those MSCs where establishment of a separate subgroup is not deemed necessary, the U.S. co-chairman of the development sharing working group will assign the duties described above to other statutory or ad hoc working group members.

#### **PROJECT OFFICERS (POs)**

U.S. Army POs, assigned by the U.S. co-chairman of the MSC development sharing working group upon project approval, are responsible for providing the overall technical direction for development projects. They serve as members of the development sharing subgroup handling the project, if established, or as ad-hoc members of the development sharing working groups, and act as the official project liaison between the U.S. developing agency and the development contractors and Canadian Government authorities. POs are authorized to contact the development contractors directly to keep informed of project progress and to ensure conformance to the contract R&D requirements. POs act at all times for and under the supervision of the U.S. developing agency. However, when it is necessary to effect changes to contract requirements, the PO operates through the contracting officer.

The PO provides project status information to the U.S. co-chairman of his/her MSC development sharing working group as required to enable the latter individual to keep the AMC DDSP coordinator informed. U.S. POs normally

establish agreed upon working procedures with their Canadian counterparts for ensuring effective project management. These procedures include provisions for jointly prepared project schedules and periodic joint reviews of the progress, accomplishments, funding, and future plans with respect to project schedules and objectives.

#### **SENIOR REPRESENTATIVE USARDSG-CA**

The senior standardization representative of the USARDSG-CA serves as the in-country AMC POC and coordinator for DDSP actions. He/she provides the principal liaison with the DIST in Canada, which is charged with maintaining an awareness of U.S. Army requirements and Canadian R&D capability, and the DEA, which has overall responsibility for DDSP. The senior representative and his/her office can provide in-country assistance to DDSP POCs and Pos. The USARDSG-CA is kept informed of the status of candidates for development sharing projects by the DDSP Coordinator. The USARDSG-CA is located in the Canadian National Defence Headquarters in Ottawa and may be contacted at the following address:

U.S. Army Research, Development, and Standardization Group-Canada  
National Defence Headquarters  
101 Colonel By Drive  
Ottawa, Ontario  
K1A 0K2, Canada

Commercial Telephone: (613) 992-5753  
Autovon: 627-8284



## CHAPTER 5

## DDSP PERSONNEL- CANADA

**COUNSELLOR (COMMERCIAL)**

The Counsellor (Commercial) is located at the Canadian Embassy in Washington, D.C. He/she is one of the senior in-country representatives of the DEA and coordinates activities on behalf of the Defence Programs Bureau. In doing so, he/she is the principal POC for the AMC DDSP Coordinator in development sharing matters. He/she assists in arranging joint U.S. - Canadian discussions on potential development sharing projects, and, with his/her staff, provides an overview to projects, working groups, and all program activities.

**TRADE COMMISSIONERS**

Trade Commissioners represent the DEA. Their function is to serve as export marketing consultants and to encourage Canadian businesses to seek sales abroad. Trade Commissioners are located at Canadian Consulates throughout the United States and other countries. Some of their specific duties are to--

- a. Provide liaison with appropriate U.S. military base personnel to identify potential development sharing projects.
- b. Serve as Canadian POCs for DDSP-related communications between MSCs and DEA/DIST.
- c. Provide liaison with Canadian industry, assisting in identifying opportunities for potential participation in U.S. R&D programs and procurements.
- d. Represent CCC in specified activities.

**PROJECT OFFICERS**

Canadian POs are from the ISBs of the DIST. They are assigned to projects that have been nominated and accepted as development sharing efforts. They work closely with their U.S. counterpart POs at the MSCs. They participate in discussions pertaining to the drafting of project agreements, coordinate technical and administrative matters with their U.S. counterparts during the course of the development sharing projects, and monitor project progress until completion. They serve as primary Canadian POCs once their projects have begun as development sharing undertakings.

**CANADIAN FORCES LIAISON OFFICER (CFLO)**

CFLOs are members of the Canadian Forces, usually with the rank of Major or Lieutenant Colonel, who represent the Department of National Defence at various U.S. military installations throughout the United States. There is a

CFLO at HQ AMC and at several AMC MSCs. They perform functions similar to those performed by the USARDSG in Canada. They serve as a liaison channel between the military elements of the two nations. They do not have a direct or formal working relationship with DIST representatives, although there are often informal contacts established between two groups. As the DDSP falls within the purview of DEA and DIST, the CFLOs do not play a direct role in the program.

SECTION II  
DDSP PROCEDURES

## CHAPTER 6

## PROJECT IMPLEMENTATION

**INTRODUCTION**

A candidate DDSP project must pass through several stages before culminating in a contract between the U.S. Army and the Canadian Government. Some of the key stages are: identification, proposal, acceptance, contract, and final implementation. However, there are several intermediate steps that must be taken to arrive at each of these stages. These steps are described below.

**IMPLEMENTATION STEPS**

a. MSC development sharing working groups (or subgroups) identify potential cost sharing projects and evaluate them against the selection criteria described in AR 70-41. This particular step is essentially a project screening process. If a particular project cannot meet the selection criteria established in AR 70-41, it is not eligible to become a cost shared project. These criteria have been established to help ensure that once a project is proposed and accepted, it will be continued to a successful conclusion. (See Chapter 7, "Project Selection," for more detailed description.)

b. MSC working groups (or subgroups) hold discussions with Canadian officials to determine Canadian interest and capability to participate in the potential project. This step is also a screening process. The first step ensured that the U.S. Army would be able to meet its commitments during implementation of a sharing project. This second step ensures that the Canadian participants will be willing and able to meet their commitments to the prospective sharing project. These discussions ordinarily take place between U.S. Army technical personnel, who may be members of DDSP subgroups or ad hoc members of DDSP working groups, and members of the Canadian DIST. (See Chapter 7, "Project Selection.") All participants receive guidance and assistance through their respective DDSP advisory channels, as required. This step presents a major decision point: a project that has met the U.S. requirements and is informally endorsed by the Canadians is then ready to be proposed formally as described in the following steps--

(1) MSC working groups (or subgroups) prepare project proposals in accordance with AR 70-41 based on the previous informal discussions with Canadian officials. This is the first step in the formal proposal process. Project proposals are intended to provide cognizant authorities with a description of the proposed project and enough back-up information to support any decisions that must be made during the project evaluation. The scope and content requirements for project proposals are specified in AR 70-41 and described in chapter 8, "Project Proposals."

(2) The U.S. co-chairman of the MSC development sharing working group approves the project proposal and submits it to the Canadian co-chairman as a

formal project proposal for development sharing. The U.S. co-chairman of the working group will forward information copies of the project proposal to the DDSP coordinator at AMC and to the USARDSG-CA.

(3) DDSP projects may be proposed outside the regular working group meeting cycle. Project proposals of this type will be forwarded by the responsible technical officials to the MSC working group co-chairman for approval and forwarding to the Canadian working group co-chairman.

c. MSC contracting officers place presolicitation notices of proposed R&D contract awards to foreign sources in the Commerce Business Daily. Once a project is formally proposed to the Canadian co-chairman, the MSC contracting officer places a notice of proposed contract award in the Commerce Business Daily (see FAR part 5.203(d)). This notice gives American industry the chance to compete for R&D work initially proposed under the United States - Canada MOU on Cooperative Development. Placement of this notice in the Commerce Business Daily and the subsequent source-selection process provide the basis for compliance with the Bayh Amendment requirements (DFARS part 25.7007) during the procurement action. (See [Appendix D](#) for a model Commerce Business Daily notice.)

d. If Canada accepts the proposal, the U.S. co-chairman of the MSC development sharing working group prepares and forwards a draft agreement to HQ, AMC for approval. After AMC approval, the project agreement is forwarded to the DEA for signature. Project agreements govern the specific terms and conditions of each cost-shared project. They set forth the scope of the projects; the work to be performed; types of reports to be submitted; the time and funding schedules; and the cost sharing arrangements as prescribed in DFARS appendix T, part 201.1. The scope and content of the draft project agreement are derived from informal discussions between the Canadian DEA and DIST representatives and U.S. Army technical personnel. The draft text will be fully staffed by the MSC working group with local MSC procurement, contract, and legal staffs to ensure that the project agreement terms can be satisfactorily incorporated into the follow-on contract. (See Chapter 9, "Project Agreements.") At this stage, particular care and close coordination among MSC and AMC fiscal and legal staffs will simplify and shorten the formal HQ AMC approval process of the draft project agreement. When the project agreement has been signed by both Canadian and U.S. authorities, the U.S. co-chairman of the working group notifies the MSC contracting officers to initiate the source selection process. The project agreement (see [appendix B](#)) will be accompanied by the following documents--

(1) A legal memorandum setting forth the constitutional, statutory, or other legal authority available to carry out each obligation proposed to be assumed by the United States in the agreement and an explanation of other legal considerations. (see [appendix B](#).)

(2) A fiscal memorandum setting forth the estimated cost in U.S. dollars, if any, of each obligation proposed to be assumed by DOD in the agreement and either the source of the funds to be obligated or a statement

that additional funds for this purpose will be requested for a specified fiscal year(s). (see [appendix C.](#))

e. MSC contracting officers make final contractor source selections in accordance with the principles stated in DFARS Subpart 15.6. If, as a result of the notice in the Commerce Business Daily, American firms indicate a desire to compete for the contract award, the contracting officer issues requests for proposal to those firms as well as to the Canadian firms concerned. Following receipt of the contractors' proposals, the contracting officer evaluates them in accordance with applicable FAR and DFARS procedures and awards the contract appropriately. (See Chapter 11, "Source Selection.")

If there are no affirmative U.S. responses to the Commerce Business Daily notice, the contracting officer negotiates a contract with the Canadian firm selected in accordance with the terms of the project agreement. The contract will be placed either with the CCC or, when authorized by the DEA, directly with a private Canadian firm.

f. MSC contracting officers administer cost shared contracts in accordance with contract requirements, standard procurement practices, and project agreement terms. The contract is administered by the contracting officer on behalf of the United States and by the appropriate CCC official on behalf of the Canadian Government. On cost shared projects under the DDSP, the CCC acts as prime contractor to the U.S. Government and, in turn, subcontracts the project to the particular Canadian industrial firm concerned. Contracts between CCC and Canadian firms are administered in accordance with DFARS appendix T, part 201.1.

#### **OTHER DDSP ACTIVITIES**

a. The AMC DDSP coordinator monitors DDSP projects on the basis of information supplied by the U.S. co-chairmen of the MSC development sharing working group and provides DDSP status information to the U.S. Army - DEA steering group on an as-required basis. The U.S. co-chairman of the working group will forward to the AMC DDSP Coordinator and to the USARDSG-CA copies of all working group meeting minutes and signed project agreements.

b. The U.S. Army - DEA steering group provides DDSP guidance to development agencies as required. This steering group maintains an overview of the U.S. Army - Canadian implementation of the DDSP and assists development agencies in resolving problems that may arise from time to time. The group also serves as a forum for U.S. - Canadian discussions concerning various aspects of the DDSP and offers an informal means of coordinating U.S./Canadian efforts at the DA/DEA levels.

## CHAPTER 7

### PROJECT SELECTION

#### INTRODUCTION

The selection of a project for development sharing involves four basic steps, which are--

1. Ensuring that the project meets the nomination criteria established in AR 70-41.
2. Determining Canadian interest and technical capability to participate in a cost sharing project.
3. Preparing a project proposal.
4. Preparing a draft project agreement.

Successful completion of the first two of these steps provides the basis for the formal proposal of a project as a candidate for development sharing. The first two steps are discussed in this chapter and the following two are described in Chapters 8 and 9.

#### SELECTION CRITERIA

Potential project candidates for development sharing must meet certain requirements prescribed in AR 70-41 to ensure continued participation by the U.S. Army until the completion of the project. These criteria are that--

- a. The project must respond to an approved requirement of the U.S. Army.
- b. The U.S. Army must be prepared to provide at least 25 percent of the cost of the project, the exact U.S. contribution to be determined by direct negotiation with DEA and DIST.
- c. The project should possess a comparatively high-density or high-dollar volume-production potential.
- d. Materiel objectives and requirements for the item must have been established in accordance with AR 71-9.
- e. The project must be in a field in which Canada has or can establish development capability.
- f. Adequate provisions for release of applicable technology must be available.

#### **DETERMINING CANADIAN INTEREST**

The most efficient and effective means of assessing Canadian interest for specific DDSP participation and in determining Canadian technical capability to perform the required work is through informal, ad-hoc discussions between U.S. MSC technical personnel and Canadian DIST officials and industry representatives. Guidelines provided for conducting these talks are that--

a. The MSC subgroup chairman ideally should lead the discussions. If this is not appropriate, he/she should at minimum be kept informed of the progress of talks by the involved personnel.

b. If no subgroup exists, the technical personnel participating in the discussions should keep the U.S. co-chairman of the MSC working group apprised of their progress.

c. There is no set format or agenda for these preliminary talks. They should proceed with a minimum of administrative preparation and with the close involvement of technical personnel from both sides. Venue and form of communication (telephone, letter, or formal meeting) should be the most convenient for those involved.

d. At the conclusion of the talks, the subgroup chairman (through the working group chairman) or the working group chairman should provide the AMC DDSP coordinator with brief written summaries of the discussions held and a statement whether the project discussed is to be proposed as a candidate for DDSP. There is no set format for these reports.

If the project discussed is to be proposed as a candidate for DDSP, the subgroup involved (or if no subgroup exists, the technical personnel participating in the talks) will begin preparation of a DDSP project proposal and a draft project agreement as described in the next chapters.



## CHAPTER 8

### PROJECT PROPOSALS

#### INTRODUCTION

DDSP project proposals are prepared in accordance with requirements prescribed in AR 70-41. They follow the initial project discussions between I.T.S. and Canadian personnel and are the first formal documents to be generated in the DDSP process.

#### PURPOSE

The project proposal procedure provides a documented starting point for initiating a development sharing project. This point of reference will be used for scheduling and budgeting purposes by the various agencies concerned. Formal proposal is accomplished through the submission of a project proposal from the U.S. co-chairman of the MSC development sharing working group to the Canadian co-chairman. The Canadian co-chairman in turn forwards this document to cognizant DEA and DIST officials in Ottawa for review and acceptance. At the same time, the U.S. co-chairman must forward copies of the project proposal to the AMC DDSP coordinator and to USARDSG-CA. If Canada accepts the project proposal, the U.S. co-chairman will prepare and forward draft project agreement to the AMC DDSP coordinator, who will then staff the project agreement at HQ AMC and at higher levels, if necessary. The project proposal is used by cognizant personnel to evaluate the project with respect to requirements, budget considerations, and eligibility for development sharing.

#### CONTENT

AR 70-41 prescribes the content requirements of project proposals. Project proposals must describe the project; cite the approved requirement for the project; indicate the estimated cost to the Army; state if there are possible duplicate efforts existing or anticipated; list established technical characteristics; designate the cognizant MSC POC; and provide estimates of potential production quantities. The proposal format is described below.

#### FORMAT

Project proposals will be prepared in the format shown:

**Project Description** (Briefly describes the overall development sharing project including the item(s) to be developed.)

**Requirement** (Identifies the applicable approved requirement references justifying the project such as Letter of Agreement, Operational and Organizational Plan, Required Operational Capability, or Product Improvement Proposal. The assigned project number should be included if known.)

**Estimated Cost** (Reflects the total estimated cost and the U.S. Army financial contribution, phased by fiscal year over the life of the project. The source of funds will be identified or a statement will be provided that additional funds for the purpose will be requested for a specified fiscal year(s).)

**Other Known Developments** (Identifies any other known developments, either funded or in the nature of contractor's unsolicited proposals that meet the same requirement. If there are no other known developments the word "none" should be used.)

**Established Technical Characteristics** (Summary or listing of significant technical characteristics for the item being developed. If lengthy, this may be provided as an attachment to the project proposal and the words "see attachment" used.)

**Point of Contact** (Identifies the MSC POC for information and coordination of the development sharing aspects of the project.)

**Potential Production Quantities** (Statement of actual or estimated follow-on production quantities for the item being developed.)

Appendix E contains a model project proposal.

## CHAPTER 9

### PROJECT AGREEMENTS

#### INTRODUCTION

DDSP project agreements between the U.S. Army and the Canadian Government govern the specific terms and conditions of each shared project. These agreements are prepared in accordance with the requirements stated in the cooperative development MOU between the United States and Canada signed in November 1963 (DFARS, appendix T, part 201.2).

#### PURPOSE

Project agreements are intended to outline the specific terms and conditions of a project that will be incorporated in detail in a contract between the United States and Canada. A project agreement serves as a "blueprint" for the drafting of the implementing contract and establishes the basic ground rules for the accomplishment of the cooperative development project.

#### CONTENT

Project agreements describe the scope of the project, the work to be performed, types of reports to be submitted, the time and funding schedules, cost sharing arrangements, and other information as appropriate. The draft text is prepared by the MSC development sharing subgroup or technical personnel involved in the discussions with Canadian DIST and industrial representatives after Canadian acceptance of a U.S. DDSP project proposal. It is important that the draft agreement be thoroughly reviewed and staffed by the contract, legal, and procurement representatives of the parent MSC development sharing working group since this document will form the basis of the contract to follow. The U.S. co-chairman of the working group must then approve the draft project agreement and submit it along with the project proposal to the DDSP coordinator at HQ AMC. Before the project agreement can be formally signed by either country, it must be reviewed by higher authorities at HQ AMC. (See chapter 6, step d.)

#### FORMAT

Project agreements will ordinarily be prepared in the format described below. Deviations from this format must receive prior approval from HQ AMC.

**Introduction** (Describes the nature and scope of the agreement and references the 1963 MOU, which is the basis for the project

agreement. Also includes a reference to the governing legal authority.)

**Scope of the project** (Describes the overall scope of development activity anticipated during the life of the project.)

**Work to be performed** (Provides a description of the specific work to be performed during the course of the project.)

**Selection of Prime Contractor** (Describes the source selection process to be used and identifies the Canadian contractor.)

**Funding provisions** (Provides the total estimated cost of the project and the general funding arrangements for financing the project.)

**Cost sharing arrangements** (Describes the general cost sharing arrangements applicable to the project.)

**Transfer of information and materiel** (Describes the factors controlling the release of information and materiel during implementation of the project.)

Revision or termination (Describes the conditions for revising or terminating the project agreement.)

**Agreement** (Establishes the intent of the parties to abide by the terms of the agreement and implementing contract.)

Appendix F contains a model project agreement.

## CHAPTER 10

## SOURCE SELECTION

**INTRODUCTION**

The selection of a contractor to perform research under the DDSP, or any other type of military R&D, involves specifically defined procedures to be followed throughout the procurement process. These procedures are detailed in the FAR, supplemented by the DFARS and the Army FAR Supplement.

**SOURCE-SELECTION APPROACHES**

There are two principal methods of procurement for the DDSP: sole-source procurement and competitive procurement. Under the terms of the Competition in Contracting Act of 1984, all U.S. defense purchases must be contracted via full and open competition. This same act, however, provided for seven exceptions to this requirement, as follows--

- a. Existence of only one responsible source.
- b. Unusual and compelling urgency.
- c. Industrial mobilization; or engineering, developmental, or research capability.
- d. International agreement.
- e. Authorized or required by statute.
- f. National security.
- g. Public interest.

The fourth exception is international agreement. This exception states that full and open competition need not be provided for when precluded by the terms of an international agreement or a treaty between the United States and a foreign government. Because a DDSP project agreement is considered an international agreement, full and open competition is not required in selecting a DDSP contractor. Either approach, sole-source or full and open competition, may be used for the DDSP. Contracting officers are encouraged to use the approach that best fits the requirements of the particular project at hand.

**BAYH AMENDMENT**

Source selection for the DDSP, or any other international cooperative R&D program, is complicated by the provisions of DFARS part 25.7007, commonly known as the Bayh Amendment. This law prescribes that no funds appropriated for the DOD are available for entering into any contract or agreement with any

foreign corporation, organization, person, or other entity for the performance of R&D in connection with any weapon system or other military equipment for the DOD when there is a U.S. corporation, organization, person, or other entity equally competent to carry out such R&D and willing to do so at a lower cost.

The above provision does not change the rules for the selection of R&D contractors set forth in the DFARS. However, when a U.S. and a foreign source are considered equally competent, the contracting officer will make a determination as to which of the sources will provide the services required at the lowest estimated cost to the government. Criteria for evaluating cost estimates are contained in the DFARS.

The Bayh Amendment ensures U.S. firms the opportunity to compete for a contemplated foreign procurement if willing to do so under the provisions stated in the amendment. The primary basis for competition on R&D contracts under the DDSP is still, however, the technical competency of the prospective bidder. R&D contracts, as a matter of policy, are awarded to those firms with the highest degree of competency in the special branch of science or technology involved, consistent with cost, performance, and schedule requirements.

To conform to the requirements of the Bayh Amendment, the procuring authority must give U.S. firms the opportunity to compete for the project proposed under the DDSP. This is accomplished through the placing of a presolicitation notice of the proposed R&D contract award to a foreign source in the Commerce Business Daily at the time of DDSP project proposal. (See Chapter 6, step c.) If a U.S. firm forwards a proposal of equal technological merit, the source-selection decision must be made on the basis of lowest cost to the U.S. Government.

## CHAPTER 11

## OTHER WORKING GROUP RESPONSIBILITIES

**PROJECT MONITORING**

After a DDSP project has been started, it must be monitored carefully to make sure that problems are identified in time to be corrected with minimal adverse effect. This monitoring is done from two points of view, technical and contractual.

Technical monitoring is performed by the PO and contractual monitoring is performed by the cognizant contracting officer or his/her authorized representative. In some instances, the PO may also be the contracting officer's representative.

Effective project management requires that U.S. Army and Canadian project monitoring personnel work together closely and keep each other informed of project activities during their separate implementation efforts.

This coordination and information exchange must be supplemented by formal periodic summary reports to higher authorities to allow them to review the overall sharing program progress on a continuing basis. This is done by the MSC development sharing working group, which holds periodic meetings to assess and report on DDSP project status.

For the purposes of project monitoring, the development sharing working group will include, in addition to the permanent members, the U.S. Army PO, the contracting officer, and their appropriate Canadian counterparts. Project monitoring meetings will be held at least once a year, or at more frequent intervals if deemed necessary by the U.S. co-chairman of the working group.

The purpose of these meetings is to identify problems that require resolution at higher command levels, indicate any actions that may have been taken in response to direction from higher command levels, make suggested recommendations relevant to the project, and summarize significant project activity to date.

**REPORTS**

DDSP projects are subject to reporting requirements of the respective MSCs. Additionally, the U.S. co-chairman of the development sharing working group will submit, through the MSC Commander, copies of the minutes for all project review meetings to the AMC DDSP coordinator. Minutes will include status reports on ongoing or potential DDSP projects and will identify problems requiring resolution at higher command levels. These project status reports will be prepared in the following format--

1. Title (Self-explanatory.)
2. Scope & Objective (Briefly describes the significant aspects of the project.)

3. Agreement & Effective Dates (Lists project agreements entered into between the United States and Canada.)
4. Funding & Duration (Briefly describes the funding arrangements including amounts and scheduling.)
5. Approved Requirement (Cites the appropriate requirement document, e.g., Required Operational Capability or Letter of Agreement.)
6. U.S. Project/Task (Lists project or task number with project title.)
7. Contracts (Cites contract number, effective date, and contract tasking.)
8. Project Officers (Identifies the assigned U.S. and Canadian POs and their respective organizations.)
9. Status (Summarizes project activity from time of previous project report update to current record.)
10. Future Plans (Summarizes projected activity.)

Appendix G contains a model project status report.

#### **DDSP MONITORING**

Monitoring of the overall DDSP within AMC is the responsibility of the DDSP coordinator. The coordinator is assisted in this task by the U.S. co-chairmen of the MSC development sharing working groups. To keep DDSP reporting requirements to a minimum, AMC has adopted the monitoring system described below.

Because all development sharing projects are implemented through contracts between the U.S. Army and the CCC, a complete and comprehensive project file will be maintained by the project contracting officer. In addition, MSCs have their own reporting requirements for the assigned Pos. The PO, or whoever maintains the project file at the working level, will forward a copy of the file to the U.S. co-chairman of the development sharing working group. This official is responsible for maintaining copies of project files for all DDSP projects at his/her MSC. The AMC DDSP coordinator contacts each U.S. working group co-chairman as necessary to inquire about the status of DDSP projects within his/her responsibility.

DDSP project document files will contain all critical correspondence and documents related to a particular project, including project proposal; project agreement; and copies of the minutes of the project review meetings described above.

#### **FUNDING**

Because the commitment of funds from Canada for a DDSP project is contingent on commitment of funds from the responsible MSC, the Commander of



that MSC will make every effort to ensure that its research, development, test, and evaluation (RDTE) program has enough funds to meet the anticipated U.S. financial obligation under the terms of the DDSP project agreement. It is understood, however, that unforeseen and higher priority requirements may occasionally "bump" a DDSP project from the list of fully funded RDTE projects. If this does occur, the MSC Commander, assisted by the U.S. co-chairman of the development sharing working group, will undertake to find alternate sources of funding or budget for the DDSP project in the next fiscal year.

#### **DISCLOSURE OF CLASSIFIED INFORMATION**

Implementation of a DDSP project agreement may require disclosure of U.S. classified information to Canada. Disclosure of classified information by DDSP project personnel will be undertaken only through authorized channels in accordance with AR 380-10(C) and applicable U.S. - Canadian security agreements.

The proponent of this regulation is the U.S. Army Materiel Command. Users are invited to submit comments on DA Form 2028 (Recommended Changes to Publications and Blank Forms) to the Commander, HQ AMC, ATTN: AMCICP-M, 5001 Eisenhower Avenue, Alexandria, VA 22333-0001

The proponent of this pamphlet is the United States Army Materiel Command. Users are invited to send comments and suggested improvements on DA Form 2028 (Recommended Changes to Publications and Blank Forms) to the Commander, HQ AMC, ATTN: AMCICP-M, 5001 Eisenhower Avenue, Alexandria, VA 22333-0001.

FOR THE COMMANDER:

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Chief of Staff

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APPENDIX A

MEMORANDUM OF UNDERSTANDING  
ON COOPERATIVE DEVELOPMENT

**MEMORANDUM OF UNDERSTANDING IN THE FIELD OF COOPERATIVE DEVELOPMENT BETWEEN THE UNITED STATES DEPARTMENT OF DEFENSE AND THE CANADIAN DEPARTMENT OF DEFENCE PRODUCTION**

This Memorandum of Understanding complements the U.S.-Canadian Defense Production Sharing Program by establishing a cooperative program in defense research and development between the United States Department of Defense (DOD) and the Canadian Department of Defence Production (CDDP), called the Defense Development Sharing Program.

**1. Objectives:** The principal objectives of the Defense Development Sharing Program are:

a. To assist in maintaining the Defense Production Sharing Program at a high level by making it possible for Canadian firms to perform research and development work undertaken to meet the requirements of U.S. Armed forces.

b. To utilize better the industrial scientific and technical resources of the United States and Canada in the interests of mutual defense.

c. To make possible the standardization and interchangeability of a larger amount of the equipment necessary for the defense of the United States and Canada.

**2. Description of the Program:**

a. The Defense Development Sharing Program will consist of research and development projects (such program projects being hereinafter referred to as "projects"):

(1) which are performed by Canadian prime contractors;

(2) which are designed to meet specific DOD research and development requirements;

(3) in which the Military Department of DOD which is the United States party to the project agreement acts as the design authority; and

(4) which are jointly funded by DOD and CDDP. (Where DOD undertakes the research and development of a weapons system composed of several components, work funded by CDDP on one or more of such components will be considered to be jointly funded).

b. The Defense Development Sharing Program will not include efforts referred to in paragraph 13.

**3. Funding:** The financial contribution of DOD in each project will not be less than 25 percent of the costs incurred subsequent to the date of the project agreement provided that in the case of work referred to in the parenthetical sentence of paragraph 2.a(4), the financial arrangements shall be as agreed to by DOD and CDDP in the project agreement.

4. **Selection of Projects:** A proposal to initiate a project may be made by CDDP to any of the Military Departments of DOD or by any of the Military Departments of DOD to CDDP. Each proposal will contain a complete and detailed description of the scope of the project and work to be performed and of the suggested cost sharing arrangement. Projects will be selected by mutual agreement of CDDP and the Military Department of DOD concerned.

5. **Project Agreements:** The specific terms and conditions of each project will be governed by a project agreement between a Military Department of DOD and CDDP. The project agreement will set forth the scope of the project, the work to be performed, types of reports to be submitted, the time and funding schedules, and the cost sharing arrangements.

6. **Selection of Prime Contractors:** The selection of prime contractors for work to be performed under a project shall be subject to mutual agreement.

7. **Contract Clauses for Projects:** The Canadian Government agencies responsible for placing and administering research and development contracts with Canadian firms will insert suitable provisions in such contracts obtaining for DOD the same production rights, data, and information that DOD would obtain for itself if DOD were solely funding and placing the contract under its Armed Services Procurement Regulation.

8. **Competitive Research and Development:** DOD will not engage in research and development which duplicates the work being carried out under any project unless DOD considers such research and development to be in the United States national interest. The appropriate DOD agency will notify CDDP before undertaking such duplicative research and development and will, if requested by CDDP, promptly enter into consultations with CDDP.

9. **DOD Procurement of Project Developed Items:** Procurement by DOD from Canadian firms of items developed in a project will be made under the Defense Production Sharing Program and in accordance with the DOD Armed Services Procurement Regulation. Pursuant to that regulation, procurement of items developed by Canadian firms under the Defense Development Sharing Program will not be "set aside" for small business or for labor surplus areas.

10. **Security:**

a. Information and materials developed within projects will be considered to be jointly developed, and classification and declassification thereof will be determined jointly.

b. Classified information and materials exchanged in connection with or developed within projects will be safeguarded in accordance with the United States - Canadian Security Agreement of January 30, 1962, and the United States-Canadian Industrial Security Agreement effected by an exchange of letters dated February 6 and March 31, 1952, as amended.

11. **Disclosure of Classified Information:**

a. Classified information and materials received by either Government under the Defense Development Sharing Program but not developed within a

project will not be disclosed or transferred to third countries, or nationals of third countries, without the consent of the originating Government.

b. Jointly developed classified information and materials will not be transferred or disclosed to any third party by either Government or nationals thereof without the consent of the other Government.

**12. Sales:**

a. Sales or transfers to any third party of items developed in a project containing classified information or materials will be subject to the provisions of paragraph 11.

b. Sales or transfers to NATO, Commonwealth, and SEATO countries, or nationals thereof, of jointly developed unclassified items may be made in accordance with any applicable arrangements between Canada and the United States regarding munitions control. Sales or transfers to any other third party of jointly developed unclassified items will not be made without the consent of both parties to this agreement.

c. Sales or transfers to any third party of jointly developed unclassified rights, information, or data necessary for the production of an item developed in a project will not be made without the consent of both parties to this agreement.

**13. Other Research and Development Efforts Not in Defense Development Sharing Program:**

a. Consistent with normal DOD source selection procedures, Canadian firms may bid for DOD research and development contracts which are to be funded solely by the United States. DOD will evaluate proposals from qualified Canadian firms on a parity with proposals received from United States firms. CDDP undertakes to ensure that Canadian firms comply with DOD procurement procedures.

b. CDDP may award and solely fund research and development contracts to Canadian firms for the purpose of satisfying existing or anticipated DOD requirements. DOD and its Military Departments will not act as design authority for such contracts. In the event that the results of any such contract become of sufficient interest to DOD to warrant joint funding, the contract work may, upon mutual agreement, be made the subject of a Defense Development Sharing Program project.

**14. Canadian Access to United States Information:** Subject to United States legislation and national policy, the Government of Canada will have access to information on the future requirements of DOD research and development programs and Canadian firms will have the same access to DOD research and development program information as United States firms.

**15. Supersession of Prior Arrangements:** This Memorandum of Understanding supersedes the memoranda between CDDP and the United States Departments of the Army, and Air Force, respectively, dated July 26, 1960 and December 22, 1961, except with respect to projects already entered into thereunder.

16. **Effect and Duration:** This Memorandum of Understanding will remain in force indefinitely, subject to modification or termination at any time by mutual agreement or to termination six months after receipt by either party of written notice of the intention of the other party to terminate it.

Signed: Charles M. Drury  
Minister of Defence Production  
21 November 1963

Signed: Robert S. McNamara  
Secretary of Defense  
16 November 1963

APPENDIX B  
MODEL LEGAL MEMORANDUM



**MODEL LEGAL MEMORANDUM**

**LEGAL MEMORANDUM**

**INTRODUCTION**

This memorandum provides supporting legal authority for the proposed project agreement for a 20-Liter Plastic Fuel Container Development Sharing Project.

**LEGAL ANALYSIS**

The subject matter of the project agreement lies within the constitutional responsibility of the President as the Commander in Chief of the Armed Forces (U.S. Constitution, Art. 2, S.2, c1.1).

Further, the Secretary of the Army is authorized to conduct research and development programs and procure supplies for experimental or test purposes as provided for in 10 U.S.C. Secs. 4503 and 4504, which state:

SECTION 4503 - Research and development programs

"The Secretary of the army may conduct and participate in research and development programs relating to the Army, and may procure or contract for the use of facilities, supplies, and services that are needed for those programs. This section does not authorize the design or development of any prototype aircraft intended primarily for commercial use."

SECTION 4504 - Procurement for experimental purposes

"The Secretary of the Army may buy ordnance, signal, and chemical warfare supplies, including parts and accessories, and designs thereof, that he considers necessary for experimental or test purposes in the development of the best supplies that are needed for the national defense. Purchases under this section may be made inside or outside the United States, with or without competitive bidding, and by contract or otherwise."

The attempt to standardize equipment is an integral part of the NATO defense effort, and has as such been encouraged by Congress as a matter of U.S. policy. As stated in the Arms Export Control Act [22 U.S.C.A. Sec. 2751 (West Supplement 1977)]:

"The need for international defense cooperation among the United States and those friendly countries to which it is allied by mutual defense treaties is especially important, since the effectiveness of their armed forces to act in concert to deter or defeat aggression is directly related to the operational compatibility of their defense equipment."

Accordingly, it remains the policy of the United States to facilitate the common defense by entering into international arrangements with friendly countries which further the objective of applying agreed resources of each country to programs and projects of cooperative exchange of data, research, development, production, procurement and logistics support to achieve specific national defense requirements and objectives of mutual concern."

The Congress has enacted legislation which specifically encourages the standardization of weapons within NATO. It has been stated in the Department of Defense Appropriation Authorization Act, 1976, PL 91-106, Sec. 814a, 89 Stat. 531:

"It is the sense of the Congress that equipment, procedures, ammunition, fuel, and other military impedimenta for land, air and naval forces of the United States stationed in Europe under the terms of the North Atlantic Treaty should be standardized or made interoperable with that of other members of the North Atlantic Treaty Organization to the maximum extent feasible. In carrying out such policy the Secretary of Defense shall, to the maximum extent feasible, initiate and carry out procurement procedures that provide for the acquisition of equipment of the other members of the North Atlantic Treaty Organization whenever such equipment is designed primarily to be used by personnel of the armed forces of the United States stationed in Europe under the terms of the North Atlantic Treaty."

This view was further reinforced in an enactment of Congress, Department of Defense Appropriation Authorization Act, 1977, PL 94-361, Sec. 803(a) and (b), 90 Stat. 930:

SECTION 803(a): "It is the sense of Congress that weapons systems being developed wholly or primarily for employment in the North Atlantic Treaty Organization theater shall conform to a common North Atlantic Treaty Organization requirement in order to proceed toward joint doctrine and planning and to facilitate maximum feasible standardization and interoperability of equipment."

SECTION 803(b): "It is the sense of the Congress that progress toward the realization of the objectives of standardization and interoperability would be enhanced by expanded inter-Allied procurement of arms and equipment within the North Atlantic Treaty Organization. It is further the sense of the Congress that expanded inter-Allied procurement would be facilitated by greater reliance on licensing and coproduction agreements among the signatories of the North Atlantic Treaty .... Accordingly, the Secretary of Defense, in conjunction with appropriate representatives of other members of the Alliance, shall attempt to the maximum extent feasible (1) to identify areas for such cooperative arrangements and (2) to negotiate such agreements pursuant to these ends."

Current DOD Policy, as evidenced by published directives and instructions, favors the establishment of programs furthering NATO standardization/ interoperability. Included among these directives are:

- a. DOD Directive 2010.6 (5 March 1980)
- b. DOD Directive 5000.1(1 September 1987)
- c. DOD Instruction 5000.2 (1 September 1987)
- d. DOD Directive 3100.3 (27 September 1963)

The proposed project agreement between the U.S. Department of the Army and the Canadian Department of Industry, Science, and Technology is consistent with and furthers the objectives of the above cited statutory and regulatory authorities.

---

Signature Block

APPENDIX C  
MODEL FISCAL MEMORANDUM

**MODEL FISCAL MEMORANDUM**

## FISCAL MEMORANDUM

**INTRODUCTION**

This memorandum provides a supporting fiscal data breakdown for the proposed project agreement for a United States - Canadian Standardized Multifuel Thermoelectric Vehicle Heater System Development Sharing Project.

## FISCAL DATA

The estimated U.S. cost for this project is \$915,000 based on the allocation as follows:

	U.S. (\$ K)			Canadian (in U.S. \$ K)		
	Total Cost	Allowable Fee	Cost Plus Fee	Total Cost	Allowable Fee	Joint Funds Req'd
FY87	385.9	30.9	416.8	385.9	0	802.7
FY88	337.5	27.0	364.5	337.5	0	702.0
FY89	123.8	9.9	133.7	123.8	—	257.5
TOTAL	847.2	67.8	915.0	847.2	0	1762.2

This project will be funded under Army Project Number 1L162601AH91 based on approval time frame and availability of funds.

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APPENDIX D

MODEL *COMMERCE BUSINESS DAILY* NOTICE

MODEL *COMMERCE BUSINESS DAILY NOTICE*

A--DEVELOPMENT OF A FIELD ARTILLERY BATTERY COMPUTING SYSTEM TO PROVIDE INDEPENDENT OR AUTONOMOUS BATTERY OPERATION. This system will include: ballistic computations for individual weapons, storage, and application of non-standard ballistic data, moving target prediction, ability to interface with TACFIRE, and the capability for two-way digital data transmission with the TACFIRE Digital Message Device used by the forward observer. A cost sharing R&D contract is contemplated with a foreign source at a total estimated cost to the U.S. Government of \$\_\_\_\_\_. Interested firms with appropriate capabilities and experience that wish to compete for this contract award are invited to submit their qualifications for consideration in this specific R&D effort IAW Note 68. This is not a request for proposals nor does the Government intend to pay for the information furnished. Proprietary data will be protected when so designated. Contract award will be in accordance with Defense Federal Acquisition Regulation Supplement part 25.7007. Closing date for submission of responses is 20 days from publication of this notice. Contracting Officer, U.S. Army Materiel Command, 5001 Eisenhower Avenue, Alexandria, VA 22333.

APPENDIX E

MODEL PROJECT PROPOSAL



**MODEL PROJECT PROPOSAL****PROPOSAL FOR A U.S. - CANADIAN DEFENSE  
DEVELOPMENT SHARING PROJECT**

**PROJECT DESCRIPTION:** Development, with an advance production engineering option, of the Band IV Head for the AN/GRC-103 Radio Relay Set for the 1350-1850 MHz frequency range, thus extending the present 220-1000 MHz range of the set covered by three plug-in tuning heads designated Bands, I, II, and m.

**REQUIREMENT:** QMR, CDOG para 836(b) (8), approved 12 Jul 62, Radio Relay Set, Low-Traffic Capacity. Mobile Configuration Task 1H664/01D487-35.

**ESTIMATED COSTS:** Total estimated cost of \$1.5 million (U.S. dollars) of the Project effort jointly funded 50/50 by the United States and Canada with the United States to separately fund the advance production engineering if the U.S. option for this is exercised. U.S. funds were approved in the FY 79 RDTE budget.

**OTHER KNOWN DEVELOPMENTS:** None

**ESTABLISHED TECHNICAL CHARACTERISTICS:** AN/GRC-103 Technical Characteristics.

The power amplifier/duplexer must provide the following electrical performance:

RF Frequency .....695 to 1000 MHz

RF Power Output .....Step adjustable to 15, 60, or 250  
watts output for any input power  
level in 15 to 30 watt range.

RF Power Input .....0 to 30 watts with no damage.

RF Power Gain .....12.2dB minimum for 15 watts or  
greater input. 10 dB for 5 watt  
input.

RF Input Impedance .....Less than 2:1 VSWR referenced to  
50 ohms.

RF Load Impedance .....Continuous normal operation into  
2:1 load VSWR. Continuous  
operation at reduced power into any  
load VSWR. Automatic power  
reduction for excessive load VSWR  
to protect AN/GRC-103 receiver.

AMC-P 70-20

Receiver Path Impedance .....Less than 1.75:1 VSWR with  
duplexer receiver port terminated  
in 50 ohms.

**POINT OF CONTACT:** Mr. J. W. Doe, Communications Research and Development  
Command (CORADCOM), DRCDO-X, Fort Monmouth, NJ 07703. Telephone 995-0000.

**POTENTIAL PRODUCTION QUANTITIES:** Initial production run estimated to be 1000  
units.

This project proposal meets the nomination criteria described in AR 70-41.

T. T. MAGELLEN  
MAJ, SIGC  
Project Manager

APPENDIX F  
MODEL PROJECT AGREEMENT

## **MODEL PROJECT AGREEMENT**

PROJECT AGREEMENT BETWEEN  
THE UNITED STATES DEPARTMENT OF THE ARMY  
AND  
THE CANADIAN DEPARTMENT OF INDUSTRY,  
SCIENCE, AND TECHNOLOGY FOR DEVELOPMENT OF A  
STANDARDIZED MULTIFUEL THERMOELECTRIC VEHICLE  
HEATER SYSTEM

### **INTRODUCTION**

1. This agreement sets forth the scope of the project, the work to be performed, types of reports to be submitted, the time and funding schedules, and the cost sharing arrangements of the Standardized Multifuel Thermoelectric Vehicle Heater System shared development project.
2. The cooperative project addressed in this agreement will be implemented under the terms of the Memorandum of Understanding in the Field of Cooperative Development Between the U.S. Department of Defense and the Canadian Department of Defence Production, dated 21 November 1963, as set forth in the current Federal Acquisition Regulation (FAR)/Department of Defense Federal Acquisition Regulation Supplement (DFARS).
3. The provisions of this agreement are governed solely by U.S. Government statutes, directives, regulations, and procedures.

### **SCOPE OF THE PROJECT**

4. The primary objective of this effort is to develop and successfully demonstrate an operational Standardized Multifuel Thermoelectric Vehicle Heater System for application to current and future military ground vehicles. The Heater System(s) shall be configured to fit combat, combat support, and combat service support vehicles with a capacity to deliver up to 60,000 BTU/Hr of useful heat.
5. The long-range plan of this program is for development of a complete technical data package (TDP) to allow competitive procurement of standardized heater systems for current and future ground vehicles. Each Government agrees to use its best efforts to ensure that configuration management procedures are utilized to the fullest extent in all implementing contracts through delivery of level m design and supporting data.
6. It is the intention of both the U.S. and Canadian Governments to continue this shared development program through full-scale engineering development and preproduction, subject to the successful completion of the work as defined in the implementing contract of each development phase and the availability of funds.

**WORK TO BE PERFORMED**

7. The contractor shall perform the tasks required by the Statement of Work (which includes a technical specification for performance requirements) in accordance with the implementing contract. These tasks will include the following:

a. Develop and demonstrate in a test bed vehicle a Standardized Multifuel Thermoelectric Vehicle Heater System designed and constructed to operate within the space limitations of military tracked and wheeled vehicles. The system will be specifically designed for optimum operation while meeting the needs of the Army for (1) Personnel heat (useful heated air output to 60,000 BTU/Hr), and (2) vehicle engine preheat (useful heated air output to 40,000 BTU/Hr). The Standardized Multifuel Thermoelectric Vehicle Heater System will be capable of interfacing with currently fielded (i.e. combat, combat support, and combat service support) military ground vehicles and operate on the host vehicles' specified fuel(s).

b. Overall detailed system analysis to insure an optimum design. This analysis may be used to recommend lesser heat output than specified in 7.a. above.

c. Furnish all facilities, tooling, engineering, laboratory testing, and test bed installation required to design and test operational prototypes of the Standardized Multifuel Thermoelectric Vehicle Heater System.

d. Meet the applicable criteria specified in the U.S. - Canada implementing contract with respect to the following parameters:

(1) Operational prototype Standardized Multifuel Thermoelectric Vehicle Heater System for:

- (a) Vehicle personnel heat
- (b) Vehicle engine coolant preheat
- (c) Portable heat.

(2) Test and evaluation of the prototype models to demonstrate achievement of performance requirements.

(3) User manual(s) and technical report(s).

(4) Contractor test support during U.S. Government conducted development/operational testing I.

8. The United States will provide all test plans and vehicle developmental and operational testing I and data assessment it requires to evaluate the Standardized Multifuel Thermoelectric Vehicle Heater System(s). These tests will be performed in accordance with the test procedure incorporated into the implementing contract work statement. The United States will also review the draft technical manuals and reports.

9. The above work will be performed in accordance with a project work schedule to be incorporated in the U.S. - Canada implementing contract.

#### **SELECTION OF THE PRIME CONTRACTOR**

10. A synopsis will be published in the Commerce Business Daily (CBD) for an expression of interest by U.S. and Canadian firms. A notice will be placed in the solicitation indicating that the project has been designated a candidate for the United States - Canada Defense Development Sharing Program and a competitive source selection will be initiated and implemented. The U.S. Government will evaluate the offerors' technical and cost proposals submitted in response to the solicitation. This project agreement shall be implemented only if a Canadian offeror is selected for award of the resulting contract.

NOTE: If a sole-source selection is contemplated the following paragraph should be substituted.

10. The synopsis of this project that will appear in the Commerce Business Daily will state that this project agreement has been signed by the U.S. and Canadian Governments designating this project as a candidate for the United States - Canada Defense Development Sharing Program. With this fact known, a sole-source procurement will be initiated and implemented under the provisions of FAR 6.302-4, International Agreement. Should the Canadian Standardized Multifuel Thermoelectric Vehicle Heater System proposal be selected, this project agreement will be implemented. Should the proposal not be selected, this project agreement will not be implemented.

11. Should the Canadian Standardized Multifuel Thermoelectric Vehicle Heater System proposal be selected by the U.S. Army in accordance with paragraph 10 above, it is mutually agreed that the prime contractor shall be Global Thermoelectric, Bassano, Alberta, Canada, who shall receive a contract from Canadian Commercial Corporation and shall be selected in accordance with applicable Canadian laws and regulations governing R&D procurement.

#### **FUNDING PROVISIONS**

12. This project is subject to the availability of funds appropriated by the respective Governments. Each Government will notify the other promptly if available resources are inadequate for its participation in the project. If at any time it appears that the total actual costs may exceed the approved estimated amount, and it is mutually agreed in writing between the parties concerned to continue the project, additional funding of requirements will be reviewed and commitment will be made on the cost-sharing basis as described in paragraph 14 through the parties concerned.

13. The preliminary estimated overall costs, excluding allowable fees, profit, and other extraordinary charges, of the project work will be \$1,694,400 (U.S. dollars) distributed over 3 years. Based on the definitive Statement of Work to be incorporated in the implementing contract, major adjustments in the preliminary overall costs will be reviewed and agreed upon by the parties concerned prior to contract award.

#### **COST SHARING ARRANGEMENT**

14. The total cost of work to be performed under this project as described in the detailed statement of work will be jointly funded and apportioned as follows:

a. United States share - 50% of the total cost of the work plus allowable fees, profit, and other extraordinary charges as negotiated.

b. Canadian share - 50% of the total cost of the work exclusive of the above allowable fees, profit, and other extraordinary charges as negotiated.

15. Work performed by the U.S. Government or U.S. Government agencies in support of this project will be funded by the United States.

16. Work performed by the Canadian Government or Canadian Government agencies in support of this project will be funded by Canada.

17. Costs of transporting material from Canada to the United States will be funded by Canada.

18. Costs of transporting material from the United States to Canada will be funded by the United States.

19. The Government of Canada agrees and will ensure through a Canadian Commercial Corporation contract with the Canadian prime contractor that the U.S. Army will obtain the same invention, technical data, and computer software rights that it would have obtained for itself if the U.S. Army had solely funded the contract. Part 27 of the DFARS in effect at the time of contract will govern these rights. For any privately developed item, component, process, or computer software that will be used in any contract effort, and which can be legally restricted under part 27 of the current DFARS, the U.S. Army will have the right to obtain on fair and reasonable terms those technical data and computer software rights that are necessary for its governmental purposes such as, but not limited to, the competitive procurement of such items, components, processes, or computer software.

20. The final disposition of material produced or tested for project use, including any special tooling and special test equipment, will be determined by agreement of the two Governments on termination of the project.

#### **REPORTS**

21. All development efforts conducted under this project will be documented as set forth in the documentation requirement section of any implementing contract.

#### **TRANSFER OF INFORMATION AND MATERIAL**

22. Classified and unclassified information, material, test data, and analyses of test data generated by any contract resulting from this agreement will be exchanged between the two Governments in accordance with established procedures. Communications will be authorized between U.S. and Canadian

government representatives and the development contractor for exchange of technical information, coordination of project visits, and other matters connected with implementation of the contract. All information will be transmitted through official channels.

23. All development and test efforts conducted under this project will be documented as set forth in the documentation requirement section of the implementing contract.

#### **VISIT CLEARANCES**

24. Designated U.S. and Canadian Project Officers and other directly related project personnel will be provided visit clearances to appropriate facilities for one year by the respective government in accordance with established visit clearance request procedures.

#### **REVISION OR TERMINATION**

25. This agreement may be revised with the mutual consent of the parties at any time.

26. This agreement may be terminated by either party prior to execution of the U.S. - Canada implementing contract. However, any proposal for withdrawal or termination will be the subject of immediate consultation between the two Governments.

27. After execution of the U.S. - Canada implementing contract, either party may terminate or withdraw from this agreement. Any proposal for termination or withdrawal will be the subject of immediate consultation between the two Governments. If immediate termination is not acceptable to both Governments, the Government desiring to withdraw may do so three months from the date of its initial written proposal to terminate or withdraw.

28. The withdrawing Government shall be under no further financial obligation after the effective date of withdrawal, subject to any adjustments between the Governments respecting acts incurred prior to withdrawal and any applicable termination costs. Termination of any contract executed pursuant to this project agreement will be governed by the provisions contained within the contract.

29. The obligations of the two Governments regarding protection of privately owned rights in restricted technical information, or of any classified information that may be transferred, will continue irrespective of any withdrawal or termination of the program. Each party will have the unfettered right, pursuant to law, to use the inventions and technical information if it is legally obtained from another source or becomes public information.

30. In the event one of the Governments withdraws from participation in the project and the other Government decides to continue such work at its own expense, the withdrawing Government will use its best efforts to ensure, under terms and conditions to be negotiated at the time, that the work can be completed to the satisfaction of the other Government.



**AGREEMENT**

31. The U.S. Department of the Army and the Canadian Department of Industry, Science, and Technology hereby agree to cooperatively implement the development of the Standardized Multifuel Thermoelectric Vehicle Heater System in accordance with the provisions of the foregoing project agreement and terms of the implementing contract.

32. This agreement shall be effective on the date of last signature below.

FOR THE CANADIAN DEPARTMENT  
OF INDUSTRY, SCIENCE, AND  
TECHNOLOGY

\_\_\_\_\_  
\_\_\_\_\_

(Date)

FOR THE UNITED STATES  
DEPARTMENT OF THE ARMY

\_\_\_\_\_  
\_\_\_\_\_

(Date)

APPENDIX G  
MODEL PROJECT STATUS REPORT

## MODEL PROJECT STATUS REPORT

20 May 1979

UNITED STATES - CANADA DEFENSE DEVELOPMENT SHARING PROGRAM

### 1. TITLE

Recording Radiation Monitor and Automatic Radiation Alarm System.

### 2. SCOPE AND OBJECTIVE

Development of a radio system to automatically indicate at a central control location (e.g., command post) warning of the arrival of fallout and the radiation close-rate prevailing at selected remote location. Simple recording facilities are also needed at the central location to indicate changes in radioactivity levels so that assessment can be made of future intensities and other calculations of interest in the exercise of command and control.

This system will be used at fixed and semi-fixed installations in CONUS and the communications zone.

### 3. AGREEMENT AND EFFECTIVE DATES

Project agreement signed for Canada 8 Nov 1971, and for the United States 7 Dec 1971, with 7 Dec 1971 as the effective date.

### 4. FUNDING AND DURATION

Total estimated cost of \$450,000. This does not include cost of a procurement package and production models. This cost was reduced to \$402,000, an economy made possible through reduction of testing requirements. Negotiations are in progress for additional funds to complete software. Project effort jointly funded 50/50 by the United States and Canada. Schedule calls for three phases. Phase I - 24 months to produce four advanced development models. Phase II - 30 months to produce 15 engineering and service test models. Phase m - changes resulting from DT II testing and production engineering package and two models.

Phase I has been completed successfully. Phase II is in progress, and the early stage of Phase m is underway.

**5. APPROVED REQUIREMENT**

QMR, CARDS reference No. 1239A(06) approved 27 May 1966, Recording Radiation Monitor and Automatic Radiation Alarm System.

Quadripartite - QAMR 2, Remote Reading Continuous Radiation Monitoring Alarm and Recording System.

**6. US YROJECT/TASK**

IW 63604 D 483 01, Fixed Installation Radiation Monitor and Alarm System, AN/GDQ-3.

**7. CONTRACTS**

US/CCC Contract, DAAB-7-73-C-0029, effective 31 Aug 72 for Phase I for development of four advanced development models at a total cost of \$192,000 shared 50/50. Follow on contract for Phases II and m includes 9 engineering test models and a procurement data package.

**8. PROJECT OFFICERS**

a. U.S. - R. G. Rast, Combat Surveillance & Target Acquisition Laboratory, Research & Development, U.S. Army Electronics Command (DELCS-K), Fort Monmouth, NJ 07703, Autovon 996-5714.

b. Canadian - H. P. Warnock, Electrical and Electronics Branch, Department of Industry, Trade, and Commerce, Ottawa, Canada.

**9. STATUS**

a. Phase II, Engineering Development, was initiated during FY 73. Contract DAAB07-73-C-0029 with Canadian Admiral Corporation was modified to provide the following:

- Nine (9) engineering development models of the Recording Radiation Monitor and Automatic Radiation Alarm System AN/GDQ-E for engineering testing. OT is not required. Four advanced development prototypes were refurbished and five new prototypes were fabricated.

- One (1) Radiation Training Device/Radiation Simulator.

- Associated software, i.e., repair parts, manuals, etc., necessary to support DT-II.

b. Deliverables were ready on schedule.

c. Combined PQT/DT-II commenced at the contractor's plant in February 1978. TECOM is observing these contractor-run tests. The nuclear survivability test results obtained in DT-I (Phase I) have been accepted for DT-II and will not be repeated. The reliability test report was approved the

first week in June 1978. Based on data received, TECOM then will determine if testing to date is adequate or whether additional testing must be accomplished or tests redone. Additional testing, if required, would be accomplished at the U.S. Army Electronic Proving Ground, Fort Huachuca, Arizona. Personnel from that test agency have observed contractor testing. No OT is being required.

10. **FUTURE PLANS**

a. The Development Acceptance In-Process Review (DEVA IPR) is scheduled for 4 Q FY 79 (Jul-Sep 1979). This is the decision-making mechanism for entering production.

b. The system is in the Army Materiel Plan for invitation of Low Rate Initial Production (LRIP) procurement in FY 80 (Oct 79 - Sep 80).

# GLOSSARY

AMC .....U.S. Army Materiel Command

AMCICP.....Office for International Cooperative Programs, AMC

AR .....Army Regulation

CCC .....Canadian Commercial Corporation

CFLO .....Canadian Forces Liaison Officer

DA .....Department of the Army

DDSP .....United States-Canada Defense Development Sharing  
Program

DEA .....Department of External Affairs (Canada)

DFARS .....DOD Federal Acquisition Regulation Supplement

DIPP .....DIST Defence Industry Productivity Program

DIST .....Department of Industry, Science, and Technology (Canada)

DOD .....Department of Defense

FAR .....Federal Acquisition Regulation

FY .....fiscal year

HQ .....headquarters

ISB .....DIST Industry Sector Branch

MOU .....Memorandum of Understanding

MSC .....Major Subordinate Command

OSD .....Office of the Secretary of Defense

PL .....Public Law

PO .....Project Officer

POC .....point of contact

R&D .....research and development

RDTE .....research, development, test, and evaluation

AMC-P 70-20

TILO .....U.S. Army Technical Industrial Liaison Office

TRADOC .....U.S. Army Training and Doctrine Command

USARDSG .....U.S. Army Research, Development, and Standardization  
Group

USARDSG-CA....U.S. Army Research, Development and Standardization  
Group, Canada